# PROJECT INFORMATION DOCUMENT (PID)
## APPRAISAL STAGE

Report No.: PIDC755

<table>
<thead>
<tr>
<th>Project Name</th>
<th>MA- Support to New Governance Framework (P143979)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>MIDDLE EAST AND NORTH AFRICA</td>
</tr>
<tr>
<td>Country</td>
<td>Morocco</td>
</tr>
<tr>
<td>Sector(s)</td>
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<tr>
<td>Lending Instrument</td>
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<td>Project ID</td>
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<td>Implementing Agencies</td>
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<td>Environmental Category</td>
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<td>Date PID Prepared</td>
<td>23-Jan-2013</td>
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<td>Estimated Date of Appraisal</td>
<td>23-Jan-2013</td>
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<td>Completion</td>
<td>20-May-2013</td>
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<td>Concept Review Decision</td>
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## I. Introduction and Context

### Country Context

1. Morocco is a middle-income country with a population of 32 million and a per capita income of US$ 3,100 (2011). Over the past decade, Morocco has made progress towards achieving its millennium development goals (MDG) and has sustained a growth rate of 4.9 percent and a stable macroeconomic framework despite adverse external shocks. Extreme poverty has been reduced but the country still faces major socioeconomic challenges. Poverty and vulnerability remain high, with around 17 percent of the population living just above the poverty line. Likewise, inequality and deprivation remain high, as evidenced by the high and steady Gini coefficient (0.41) and the very high rate of adult illiteracy (30 percent for men and 66 percent for women). In 2012, more than 22% of public expenditures (safe debt service) have been allocated to social sectors to finance public services and investments. These important investments in social sectors have not yet delivered the intended results considering the important poverty and social indicators which lag behind countries with similar income levels. For instance in rural areas, only 40 percent to 50 percent of first graders complete the 6 years of primary schooling, with significantly lower graduation rates for girls. These persistent development challenges highlight weaknesses in the effectiveness of public policies and programs and strengthen the motivation to push forward reforms promoting greater citizen’s voice, the performance of public expenditures and government accountability in order to improve access and quality of government services.
2. Development challenges have fueled a sense of inequality and disenfranchisement among large segments of the population, as expressed in recurrent demonstrations. These challenges also raise questions on the effectiveness of past development policies and the issue of equal access to public services, now a new constitutional right. Although the protests in Morocco were more peaceful than in other countries in the region, the demands for reform were very similar, focusing largely on political change, a curbing of corruption, and a more inclusive development process. Limited voice and participation in the design and implementation of public policies are considered important constraints. Corruption and arbitrariness further undermine the delivery of public services, as shown by recent diagnostic studies undertaken by the Anti-corruption Agency (ICPC) in the health and transportation sectors. The majority of users surveyed in both sectors stated that they paid bribes to access public services or obtain privileges. More specifically, limited transparency in the use of public resources, both at central and local level, has been identified as a key impediment to effective governance by making it difficult for citizens to hold the Government to account. In turn, limited accountability provides room for discretion in the management of public resources, reduces the incentives to improve performance, thus limiting the effectiveness of public policies aimed at reducing inequalities.

3. Popular demands have been acknowledged in the transition process and have translated into a new governance framework, consecrated by the revision of the Constitution. In March 2011, the King announced the launch of a comprehensive process of political, institutional, and social reform that led to the revision of the Constitution and to new elections. On July 1, 2011, the new Constitution was adopted which introduced reforms improving Morocco’s governance framework through greater checks and balances between the legislative, executive, and judicial branches. More specifically, the Constitution introduced reforms to: (i) strengthen the role of Parliament through greater legislative powers and increased oversight over the Government; (ii) elevate the role of the Prime Minister to that of Head of Government, to be nominated by the political party winning a parliamentary election; (iii) enhance the independence of the Judiciary as a power that is autonomous from both the Executive and the Legislative; (iv) strengthen citizen’s rights, including public participation and the right to access public sector information; (v) strengthen consultative bodies and accountability of institutions, including the Anti-corruption Agency, and (vi) establish far-reaching regionalization as a democratic and decentralized system of governance. A section of the Constitution (articles 12 to 15) empowering civil society and strengthening its involvement in the management of public affairs is a direct response to the popular demands for better governance and inclusion. Furthermore, the Constitution includes new provisions empowering regions by upgrading them to directly elected local governments (article 135), reinforcing public participation to improve local governance (articles 136 and 139) and strengthening fiscal decentralization (articles 141 and 142). These provisions further support the new strategy for Advanced Regionalization aiming to improve social and economic development at the local level and reduce geographical and social disparities.

4. These recent constitutional changes represent the road map for Morocco’s transition process and lay out deep and comprehensive medium-term reforms required to accomplish it. The important changes introduced in the mandates and functions of Parliament required the renewal of representatives through early elections, which were held on November 25, 2011, in which the Justice and Development Party (PJD) won 107 out of 395 seats in the nationwide vote. The PJD then formed a coalition government in early January 2012, with its leader becoming the Head of Government, as foreseen by the new constitution. The new Government has adopted a development program (2012-2016) in which the implementation of new constitutional governance framework and rights represent the first priority. The present project aims to support this transition process and the Government’s efforts to address the longstanding governance challenges affecting the country’s socioeconomic development policies nationwide and at the local level.
Sectoral and Institutional Context

5. In response to the demands of the Arab Spring, the new Government prepared a program that aims to establish a more open and inclusive governance framework to help strengthen the development process and improve the delivery of public services. While many areas under this program are not new, the new Government program includes a set of progressive measures which are reinforced by renewed political support and an improved enabling environment. The 2012-2016 government program, which was presented to Parliament on January 26, 2012, is structured around five key pillars, including: (i) deepening national identity and social cohesion; (ii) the rule of law and advancement of regionalization and governance; (iii) job creation and economic development; (iv) national sovereignty and social development; and (v) improving access to social services for all Moroccans.

6. The Government program is strongly anchored in the new constitutional provisions, and the 2012-2016 economic and social development plan approved by Parliament, which introduce transparency, accountability, and participation as three essential facets to effective public sector management. The Government program focuses on a number of governance reforms relating to the delivery of public services, access to information and public engagement, reform of the fiscal system, budget reform, decentralization, and a profound emphasis on the justice sector. Improving the transparency of economic and financial governance is given particular mention with the strengthening of the competition counsel and improving governance of state-owned enterprises.

7. The proposed project aims to support the Government with the implementation of critical reforms which, together, will help to strengthen the country’s overall governance framework and make tangible the new constitutional principles derived from popular demands of the Arab Spring. The Bank is supporting this governance reform program through various instruments, most notably in the framework of the Accountability and Transparency Development Policy Loan (AT DPL) which supports the adoption of new laws and policies, as well as through parallel technical assistance financing the design of these new policies and the implementation of new right to access public sector information. Furthermore, in focusing on reforms that improve the Executive while strengthening Parliamentary oversight, this project complements a parallel World Bank Justice Sector Reform project which aims to improve the transparency and performance of the Judiciary. The Bank’s current engagement is thus designed as a holistic approach which helps to strengthen the three pillars of Morocco’s governance framework. This proposed project supports the implementation phase, with the aim of ensuring that the Bank’s engagement in these reforms will yield concrete and tangible results.

8. The technical assistance proposed under this project complements the current support to governance reforms provided by the World Bank together with other development partners. Support to these reforms benefit from close coordination with other donors, notably through the joint Morocco Accountability and Transparency Development Policy Operation (AT DPO/ Hakama), prepared with the European Union (EU) and the African Development Bank (AfDB). The components included in this project aim to support strategic reforms on civic engagement, performance budgeting and fiscal decentralization, which are central to the joint DPO and for which the authorities requested implementation support from the World Bank. This project will thus complement and strengthen the current engagement. It will also build on a large pool of analytical underpinnings as well as on upstream technical assistance provided by the Bank, the EU, the AfDB and the MENA Multi-Donor Trust Fund, through the “Morocco and Tunisia Economic Governance Support Project”.

Relationship to CAS

9. The Morocco Country Partnership Strategy (CPS) focuses on three pillars; (i) growth, competitiveness, and employment; (ii) service delivery to citizens; and (iii) sustainable development
in a changing climate. It also emphasizes two cross-cutting beams: governance, and territoriality. These development objectives have been confirmed and even strengthened in the new Constitution and Government program. The CPS Progress Report, presented to the Board in May 2012, confirms the relevance of these objectives while recognizing the need to adapt the strategy to the new socio-political priorities by strengthening governance and accountability, ensuring greater social and economic inclusion, and increasing the scope for voice and public engagement. The proposed project is designed to support the achievement of the two cross-cutting objectives of the CPS by supporting the implementation of horizontal reforms including: (i) public consultation; (ii) performance based budgeting and fiscal transparency; and (ii) decentralization. The CPS Progress Report also emphasizes the need to step-up Bank engagement in support of more ambitious and cross-cutting priority reforms, notably governance. The Bank has thus strengthened its engagement to support the implementation of the new governance framework introduced by the Constitution. The Public Sector Development Policy Loan initially foreseen in the CPS has been expanded and deepened to core governance reforms aiming at strengthening the Government’s transparency, inclusiveness and accountability.

10. In recognition of the Government’s shift away from traditional public sector reform towards a stronger governance framework and improved delivery of public services, the CPS Progress Report also emphasizes the need to better support intergovernmental coordination. In order to strengthen the steering and coordination of his governance reform program, the Head of Government has established a Ministry for General Affairs and Governance and a dedicated inter-ministerial steering committee. This Ministry coordinates the Bank’s Accountability and Transparency Development Policy Loan and will manage this governance project, thus strengthening the intergovernmental coordination of this cross-cutting reform agenda and maximizing the synergies between the different reforms and programs in order to achieve greater results.

II. Proposed Development Objective(s)

Proposed Development Objective(s)

The Project Development Objective is to strengthen government transparency, accountability and public participation by (i) supporting the development and implementation of a public consultation policy and right a law to on petitions; (ii) improving access to fiscal information and enhancing performance orientation in budget management; and (iii) strengthening fiscal decentralization.

Key Results

At the level of the project development objective:

- Citizen’s new constitutional rights for greater participation in public affairs have been consecrated through the adoption of a public consultation policy and a draft law on petitions.

- The Government’s accountability towards parliament and tax payers over the use of public resources has been strengthened, through its commitment to annual performance objectives and the reporting on their achievement for a first wave of 3 key ministries.

- The transparency of intergovernmental fiscal relations and local finances has increased through the adoption of consolidated and transparent rules on fiscal transfers and equalization.

III. Preliminary Description

Concept Description
1. Description:

11. The project supports the implementation of the governance framework foreseen in Morocco’s new Constitution through technical assistance and capacity building for three strategic intertwined governance reforms aiming to increase civic engagement in government affairs, enhance the Government’s accountability towards parliament and tax payers, as well as to strengthen fiscal decentralization and local governance. The project follows an integrated and holistic approach by supporting three horizontal and mutually reinforcing governance reforms in order to improve the inclusiveness and effectiveness of Morocco’s public policies across the whole of Government.

12. Component I. The project’s first component supports the development and implementation of government wide policies for public consultation and petitions. This reform not only concretizes new constitutional rights but will also create an enabling environment for greater citizen engagement in government affairs and will help build trust between the public administration and citizens. These policies will be developed in a participatory manner through a national dialogue to be headed by an independent personality.

13. Component II. The second project component supports the implementation of performance budgeting, another key horizontal governance reform that will enhance government transparency and accountability. This reform represents a strategic lever to strengthen the Government’s internal and external accountability in the implementation of public policies and the use of corresponding resources. The new organic budget law will require the Government and its different ministries to commit to performance objectives along with the budget proposal. At the end of each budget year the Government will have to report to Parliament and to the public on the achievement of its performance targets. Likewise, this new budget management approach will also increase accountability and managerial flexibility within the public administration. Finally, the new programmatic budget presentation will increase fiscal transparency and the link between policy priorities and budget allocations.

14. Component III. The third project component will support the holistic implementation of these new governance principles across the public sector by strengthening fiscal decentralization, local governance and intergovernmental fiscal relations. The empowerment of directly elected local governments and strengthening transparency and public engagement in the management of local affairs, represent a key pillar of the Country’s new governance framework and Constitution. Reforms supported under the two first project components represent an opportunity to bring about more inclusive local governance and strengthen their financial management. Furthermore, the advanced regionalization strategy and the planned empowerment of regions will necessitate in the transfer of new competences and financial resources. This will in turn require the revision of the current system of fiscal transfers and equalization, taking into account the new distribution of competences in a constrained fiscal environment.

15. The duration of this project is envisaged for a period of 4 years, in line with the time frame of the Government’s development program (2012-2016) as well as with the transition period foreseen for the full implementation of the new Constitution. Supporting the implementation of reforms covered under the Morocco Accountability and Transparency DPL, this project will also support an information and communication strategy that will help provide the necessary visibility to improve awareness within the administration and the public on the benefits of the Government’s reform strategy and ongoing initiatives. This strategy will be particularly important for cross-cutting reforms such as public consultations, performance budgeting and fiscal decentralization. The strategy should also contribute to building momentum for their effective and successful implementation. For the public consultation reform work under Component I, a specific information and communication
strategy will be developed around the launch and implementation of the National Dialogue in order to support the reform process and duration of activities under this new and innovative reform area.

16. The project is recipient executed and will be managed by the Ministry of General Affairs and Governance (MAGG), which will act as an implementing agency. A project management unit (PMU) will be established and supervised by MAGG, which will be responsible for the implementation of project activities, procurement of services and financial management. The PMU will also be tasked with monitoring the activities and coordination between the different actors associated in the respective reforms covered under this project. The PMU will be overseen by a Steering Committee which consists of representatives of the central departments and decentralized units involved in these reforms. The task of the Steering Committee is to provide overall facilitation and supervision of project activities throughout the project cycle. The chair of the Steering Committee will be the Secretary General, or the Project Director. The Project Director presides over the PMU and will be assisted by a Project Coordinator, as well as an expert in procurement and financial management, unless the administrative and financial management units wish to assume this role. The Project Director is appointed by the Minister and the three other positions are financed by the project.

2. Budget

The technical assistance project will be financed through a grant from the MENA Transition Fund in the amount of 4,000,000 USD. The grant will be recipient executed in line with the Bank and the Transition Fund’s policies and procedures.

IV. Safeguard Policies that Might Apply

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VI. Contact point

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